90-1750

No. ———

Supreme Court, U.S.
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IN THE
Supreme Court of the United States
OCTOBER TERM, 1990

GUARDSMARK, INC.,
Petitioner,

v.

PINKERTON'S, INC.,
Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit

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PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether the prohibition contained in Section 43(a) of the Lanham Act against "false designation[s] of origin" requires a promoter who uses a trademark, without the authority of the trademark holder, to promote a significantly altered and modified variation of the trademarked good, to disclose fully and fairly that the trademark holder neither authorized nor approved the promoted good.

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PETITION FOR A WRIT OF CERTIORARI

Petitioner Guardsmark, Inc.* ("Guardsmark") respectfully petitions this Court to issue a writ of certiorari to review the judgment and decision of the United States Court of Appeals for the Second Circuit in *Guardsmark, Inc. v. Pinkerton's, Inc.*, Second Circuit No. 90-7635.

OPINIONS BELOW

The Second Circuit's opinion and judgment as to which review is sought is unreported and is reprinted in the appendix to this certiorari petition as Appendix A. Pet. App. 1a. The underlying district court memorandum opinion and order dismissing Guardsmark's complaint is reported at 739 F. Supp. 173 and is reprinted as Appendix B. Pet. App. 4a.

JURISDICTION

The Court of Appeals entered judgment on November 30, 1990. The Court of Appeals denied a timely petition

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* Guardsmark has no parent or non-wholly owned subsidiary corporation.

for rehearing and suggestion for rehearing *en banc* on February 4, 1991. Pet. App. 13a. Petitioner invokes the jurisdiction of this Court pursuant to 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) provides:

> **§ 1125. False designations of origin and false descriptions forbidden**
>
> (a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

STATEMENT OF THE CASE

Petitioner Guardsmark is the sixth-largest provider of security services in the United States. Due to its belief that the psychological testing of security officers is crucial

to provision of effective security services, Pet. App. 5a, Guardsmark has developed a comprehensive psychological testing program for all of its employees. Pet. App. 5a, 7a.

The centerpiece of Guardsmark's psychological testing program is the Minnesota Multiphasic Personality Inventory ("MMPI"), Pet. App. 5a, the most widely recognized and widely used personality assessment test in the world. Pet. App. 5a. The MMPI is a copyrighted product of the University of Minnesota, JA 138-39,[1] which has registered the term "MMPI" for both federal and state (Minnesota) trademark protection.[2] JA 134-36. Guardsmark is fully and properly licensed by the exclusive licensee for the University of Minnesota to administer and score the MMPI as part of its psychological testing program, and has expended over $230,000 in licensing fees alone to administer its MMPI psychological testing program. JA 252.

As part of its MMPI program, Guardsmark administers a complete MMPI examination to each of its security officers immediately after the officer is hired. Pet. App. 5a, 7a. A licensed psychologist, employed by Guardsmark and authorized by the University of Minnesota to evaluate MMPI test results, thereafter evaluates each security officer's completed MMPI examination. Pet. App. 7a; JA 47-49. Guardsmark then uses the psychologist's evaluation to determine the appropriate assignment of its security officers. Pet. App. 7a.

Because Guardsmark is the only major security company to administer a fully licensed, complete MMPI psy-

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[1] Citations to "JA" are to record materials contained in the Joint Appendix submitted to the Court of Appeals.

[2] To protect the commercial value of the MMPI, the University of Minnesota strictly prohibits a purchaser of the MMPI from copying purchased materials or from creating any adaption of, or modification to, the MMPI without written permission. JA 150, 183, 197, 254, 257.

chological evaluation to each of its security officers, JA 29-30, 93, Guardsmark emphasizes its use of the MMPI evaluation in promoting and marketing its services to its clients and prospective clients. Pet. App. 7a. Such promotions are critical to Guardsmark's business because users of security services have become "increasingly interested in the psychological testing of the security officers assigned to them." Pet. App. 5a.

Respondent Pinkerton's, the second-largest provider of security services in the United States, JA 29-30, 93, is a vigorous competitor with Guardsmark in the security services industry. *See* Pet. App. 5a. Due to the interest of customers of security services in such testing, Pinkerton's too does psychological testing. Pet. App. 8a. Specifically, Pinkerton's tests all of its applicants for employment, some 100,000 per year, with its own psychological test labelled the "Abbreviated MMPI Survey."[3] Pet. App. 8a; JA 91, 202, 206-07. Pinkerton's uses its own test, rather than purchasing the MMPI, primarily to save money. JA 209-11.

Pinkerton's abbreviated test, created in violation of the University of Minnesota's prohibition against copying or modifying purchased MMPI materials, *see* note 2 *supra*, JA 165, substantially alters the MMPI. Pet. App. 7a-8a. Specifically, Pinkerton's test uses only 179 of the MMPI's 566 questions, and alters the wording of some of these 179 MMPI questions. *Id.* Although not licensed to use the MMPI trademark, and over the written objections of the exclusive MMPI marketing licensee for the University of Minnesota, Pinkerton's has continuously promoted this test to customers of security services as a "special version of the MMPI psychological evaluation." Pet. App. 5a. Despite the absence of such a license and the protests of

[3] In addition, Pinkerton's tests its supervisory employees and armed guards, comprising approximately 2% of its workforce, with the full MMPI. Pet. App. at 8a; JA 200.

the trademark holder, however, Pinkerton's promotions nowhere disclose to consumers of security services that the test it employs is Pinkerton's own creation and is neither authorized nor approved by the University of Minnesota.

The District Court Action

Relying, *inter alia*, on Section 43(a) of the Lanham Act, Guardsmark sought preliminary and permanent injunctive relief against Pinkerton's promotion of its own test as a "special version of the MMPI psychological evaluation" without fully disclosing its lack of affiliation with the University of Minnesota on the grounds that such promotion constitutes a "false designation of origin." *See* Pet. App. 5a; Amended Complaint ¶¶ 13, 14, 17, JA 4-6. Specifically, Guardsmark asserted that Pinkerton's promotion, through its use of the "MMPI" trademark, without complete and full disclosure of the true source of its test, created the false impression that the creators of the MMPI had authored, approved or authorized Pinkerton's test.[4] Pet. App. 9a; *see* JA 304-05.

Following expedited discovery, and with the consent of the parties, the district court held a two-day evidentiary hearing consolidating the requests for preliminary and permanent injunctive relief. Pet. App. 5a. After submission of post-trial memoranda by the parties, the district court ruled that Pinkerton's promotion did not constitute a false designation of origin violative of Section 43(a) of the Lanham Act and dismissed Guardsmark's complaint. Pet. App. 11a-12a. In dismissing Guardsmark's claim that "the phrase 'special version of the MMPI' suggests that Pinkerton's test is approved by the

[4] In addition, Guardsmark asserted that Pinkerton's promotion constitutes "false advertising" in violation of Section 43(a) of the Lanham Act. Pet. App. 9a. Although Pinkerton's test substantially altered the MMPI, the district court nevertheless found it qualified as a "version of the MMPI," and was therefore not "literally false." Pet. App. 11a. Guardsmark did not challenge that ruling before the Court of Appeals, and does not do so here.

University of Minnesota," Pet. App. 9a, the district court, without citation, and despite Pinkerton's intentional and unauthorized use of the "MMPI" trademark, stated only that "nothing in the language used in the promotional statement indicates to the reader that the test given by Pinkerton's is expressly approved by the University of Minnesota." Pet. App. 11a.

The Decision of the Court of Appeals

On November 30, 1990, a panel of the Second Circuit affirmed the judgment of the district court. Pet. App. 11a. In so doing, the panel endorsed entirely the reasoning of the district court, stating only that it "affirmed the decision of the district court for the reasons set forth" in the district court's published opinion. Pet. App. 7a.

REASONS FOR GRANTING THE WRIT

The Decision Below Raises An Important And Unresolved Question As To Which The Courts Of Appeals Are In Conflict Concerning Whether A Promoter Using The Trademark Of Another To Promote An Altered Or Modified Good Without The Authority Or Approval Of The Trademark Holder Must Disclose Its Lack Of Affiliation With The Trademark Holder

This action concerns whether Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), allows a promoter, who uses another's trademark to promote a significantly altered or modified version of the trademarked good, without the authority of the trademark holder, to maintain complete silence as to the promoter's absence of affiliation with the trademark holder. The Second Circuit, in affirming the decision of the district court, held that the promoter may make unfettered use of the other's trademark as long as the promotion does not "expressly" state that the promoter's good is approved or authorized by the trademark holder. This decision by the Second Circuit cuts at the heart of the Lanham Act's prohibition on false

designations of origin and places that court's law in direct conflict with the law of the Seventh Circuit.

This conflict is of profound practical and commercial significance. Almost all trademarked goods may be modified or altered and, thereafter, promoted—as Pinkerton's did here—as a "special version" of the trademarked good. Indeed, in sanctioning promotions that are silent as to the trademark holder's affiliation with a promoter, the Second Circuit has declared that federal law places *no* affirmative obligations on a promoter to disclose its affiliation—or lack thereof—with the trademark holder. In conflict with the Seventh Circuit, the Second Circuit instead now holds that the *only* burden Section 43(a) places on such misuse of a trademark is that a promotion not indicate to a reader that the product is "expressly approved" by the trademark holder.

At the same time, this conflict between the Seventh and Second Circuits concerning the disclosure obligations of a promoter employing an unauthorized trademark also points to—and perhaps is the result of—the absence of any decision by this Court interpreting Section 43(a) of the Lanham Act generally or providing guidelines to the lower courts for resolving "false designation of origin" cases specifically.

For these reasons, which we proceed to develop in detail, this case calls for review by this Court.

A. In enacting Section 43(a) of the Lanham Act, Congress intended to create a new federal statutory tort for false representations of goods or services in interstate commerce. *PPX Enterprises, Inc. v. Audiofidelity, Inc.*, 746 F.2d 120, 124 (2d Cir. 1984) (citing *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649, 651 (3d Cir. 1954)). In essence, Congress designed Section 43(a) to create generally "a federal law of unfair competition," S. Rep. No. 100-515 at 40 (1988), and specifically, *inter alia*, to "protect[] the public against spurious and falsely marked goods." S. Rep. No. 133, *reprinted in* 1946 U.S.

Code Congressional Service 1274, 1274-75 (1946). Thus, the lower courts have recognized that the "palming off" of one's product or service as that of another so that the public is misled as to the actual source of the good violates Section 43(a). *See, e.g., Frisch's Restaurants, Inc. v. Elby's Big Boy*, 670 F.2d 642 (6th Cir), *cert. denied*, 459 U.S. 916 (1982); *Keebler Co.* v. *Rovira Biscuit Corp.*, 624 F.2d 366 (1st Cir. 1980).

The lower courts are generally in accord regarding several of the principles applicable in deciding "false designation of origin" cases under Section 43(a). First, the Courts of Appeal agree that, to obtain injunctive relief under Section 43(a), a plaintiff need only show a "likelihood of confusion."[5] Similarly, the Courts of Appeal agree that to obtain injunctive relief, the plaintiff need not demonstrate lost sales because a showing of "likelihood of confusion" establishes irreparable harm.[6] Finally, until this case, the lower courts have also looked to this Court's decision in *Champion Spark Plug v. Sanders*, 331 U.S. 125 (1947), a pre-Lanham Act case concerning a misappropriated product designation, to require a full and complete disclosure of a designation's connection to the promoter's product. *See Williams v. Curtiss-Wright Corp.*, 691 F.2d 168 (3d Cir. 1982).[7]

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[5] *See, e.g., Quabaug Rubber Co. v. Fabiano Shoe Co.*, 567 F.2d 154, 160 (1st Cir. 1977); *Thompson Medical Co. v. Pfizer, Inc.*, 753 F.2d 208, 213 (2d Cir. 1985); *Amp, Inc. v. Foy*, 540 F.2d 1181, 1186 (4th Cir. 1976); *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1188 (6th Cir. 1988); *Schutt Manufacturing Co. v. Riddell, Inc.*, 673 F.2d 202, 206 (7th Cir. 1982); *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1360 & n.10 (9th Cir. 1985).

[6] *See, e.g., Quabaug Rubber Co., supra*, 567 F.2d at 160-61; *Johnson & Johnson v. Carter-Wallace, Inc.*, 631 F.2d 186, 191 (2d Cir. 1980); *Harper House, Inc. v. Thomas Nelson, Inc.*, 889 F.2d 197, 210 (9th Cir. 1989).

[7] Neither the district court nor the panel questioned Guardsmark's standing to raise its false designation claim. To have standing under Section 43(a), a commercial party must demonstrate that it

The decision below, however, demonstrates that the Courts of Appeal part company in determining what constitutes a "likelihood of confusion" in cases concerning the unauthorized use of a trademark. Specifically, the holding below, that a promoter may use another's trademark to promote its own significantly altered or modified "special version" of the trademarked good, with the sole proviso that the promotion may not expressly indicate that the trademark holder has approved the good, directly conflicts with the Seventh Circuit's decision in *Bulova Watch Co. v. Allerton Co.*, 328 F.2d 20 (7th Cir. 1964). The decision below also illustrated that there is substantial confusion as to the extent to which the affirmative disclosure obligations applied in trademark infringement cases such as *Champion Spark Plug* are applicable in a false designation of origin case under Section 43(a).

Bulova Watch involved the defendants' placement of Bulova watch movements purchased from third parties in watch cases manufactured by other third parties—essentially creating the defendants' "special version" of a Bulova watch. In promoting these watches, the defendants' promotions "prominently feature[d] the word 'Bulova,'" an established registered trademark of the plaintiff. In enjoining the continued use of this promotion, the Seventh Circuit stated as follows:

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is in competition with the Section 43(a) violator and has a "reasonable interest" to be protected against the alleged violation. *PPX Enterprises, Inc. v. Audiofidelity, Inc.*, 746 F.2d 120, 125 (2d Cir. 1984); *Quabaug Rubber Co. v. Fabiano Shoe Co.*, 567 F.2d at 160.

Here, Guardsmark is the *only* major security enterprise that is licensed by the University of Minnesota to test all of its unarmed guards with the MMPI. *See Tripledge Products, Inc. v. Whitney Resources, Ltd.*, 735 F. Supp. 1154, 1161 (E.D.N.Y. 1990) (competitors in industry have Lanham Act standing). Moreover, in light of the interest of consumers of securities services in psychological testing, Pinkerton's has appropriated at Guardsmark's expense an unfair advantage for itself by palming off its own test, free of charge, as a "special version of the MMPI."

> [W]hile the defendants are entitled to make a proper collateral reference to the source of the movement, without use of the trademark "Bulova" as such, any use of the trademark itself in connection with defendants' product must be in such a way that the public is not deceived. *A complete and full disclosure is required. Prestonettes, Inc. v. Coty*, 264 U.S. 359, 43 [sic] S. Ct. 350, 68 L. Ed. 731. The "unfair competition" aspects of the instant case make it additionally essential that the public be informed not only of what the defendants actually do but also *that it is done independently of Bulova*, with which defendants have no connection. [328 F.2d at 23-24 (emphasis added)].

In reaching its conclusion, the Seventh Circuit relied, in addition to *Prestonettes*,[8] upon this Court's decision in *Champion Spark Plug Co. v. Sanders*, 331 U.S. at 128-30, a case decided prior to the effective date of the Lanham Act. In *Champion Spark Plug*, the defendant had reconditioned used spark plugs manufactured by the plaintiff, and had used the plaintiff's trademark to promote the plug. In affirming the Court of Appeals' decree that any promotion "ma[k]e clear that any plug referred to therein is used and reconditioned by the defendants," *id.* at 128 n.3, this Court stated "full disclosure gives the manufacturer all the protection to which he is entitled." *Id.* at 130.

The decision below's conflict with *Bulova Watch*, and the spirit of *Champion Spark Plug* and *Prestonettes*, could not be clearer. Here, as in *Bulova Watch*, the promoted good is a significantly altered or modified "version" of the trademarked good. And, here, as in *Bulova Watch*, the promotion at issue refers to the good's original trade-

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[8] *Prestonettes* involved only a claim of trademark infringement, and not a claim of unfair competition. 264 U.S. at 369. There, this Court held that a promotion may make collateral use of another's trademark as long as the public is informed of the promoter's role in modifying the trademarked good. *Id.* at 367-69.

mark without fully disclosing that the promoter created its "version" of the trademarked good without approval or authorization from the trademark holder. Yet the decision below, without reference to *Bulova Watch, Champion Spark Plug,* or indeed any authority, holds that such promotion is permissible because the promotion does not *expressly* indicate that the good is approved by the trademark holder.

The end result of the decision below is that the same promotion is of varying lawfulness in the Second and Seventh Circuits, which encompasses two of the nation's largest commercial centers, New York and Chicago. This is the very result Congress sought to avoid in creating a *federal* statutory tort of unfair competition in Section 43(a) of the Lanham Act. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989).

B. A uniform body of federal commercial law is not the only reason to review the decision below: as a practical matter, what is at stake here is the extent to which Section 43(a) of the Lanham Act will achieve the stated congressional purpose of protecting consumers against the "misleading use of marks." 15 U.S.C. § 1127. In the instant case, Pinkerton's use of the "MMPI" trademark to promote its own test as a "special version of the MMPI," without any greater disclosure, causes the consumer to be uncertain whether the test promoted was created by Pinkerton's, the University of Minnesota, or someone else. Pinkerton's promotion is also utterly silent as to whether the University of Minnesota approved or authorized Pinkerton's test. If the decision below is allowed to stand, all promoters will be permitted in the Second Circuit to promote an altered or modified trademarked good simply as a "special version" of that good, such as a "special version of the Apple Computer" or a "special version of Lexis," so long as they do not claim the express approval of the trademark holder. Whether permitting such consumer confusion is lawful

and consistent with congressional intent in enacting Section 43(a) of the Lanham Act requires resolution by this Court.

C. This Court has yet to decide any case directly presenting a claim pursuant to Section 43(a) of the Lanham Act. Thus, to date, this Court has not provided the lower courts with any guidance as to the principles underlying, and to be applied in interpreting, Section 43(a). The result of this absence of guidance has been circuit conflicts not only with regard to the instant issue, but others as well. *See, e.g., Novak v. Mutual of Omaha Ins. Co.*, 488 U.S. 933 (1988) (White, J., dissenting from denial of certiorari). Although resolution of the instant action will not address all such issues, it will give this Court the opportunity to provide such essential guidance to the lower courts with regard to the broad principles applicable to this fundamental cornerstone of federal commercial law. For this reason as well, this case warrants review by this Court.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDICES

APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

At a stated term of the United States Court of Appeals for the Second Circuit held at the United States Courthouse in the City of New York, on the 30th day of November, one thousand nine hundred and ninety.

Present:

HON. FRANK X. ALTIMARI,
HON. J. DANIEL MAHONEY,
Circuit Judges,

HON. I. LEO GLASSER,
District Judge,

(U.S. District Court for the Eastern District of New York, sitting by designation).

90-7635

GUARDSMARK, INC.,
Plaintiff-Appellant,

- against -

PINKERTON'S, INC.,
Defendant-Appellee.

Appeal from the United States District Court
for the Southern District of New York
(Cedarbaum, *Judge*)

This case came to be heard on the transcript of record from the United States District Court for the Southern District of New York and was argued by Counsel.

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged and decreed that the judgment of the district court is AFFIRMED.

Plaintiff-appellant Guardsmark's Inc. ("Guardsmark") brought the underlying action alleging that a statement contained in an advertising brochure issued by defendant-appellee Pinkerton's, Inc. ("Pinkerton's") violated, *inter alia*, section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and sections 349 and 350 of the New York General Business Law, N.Y. Gen. Bus. Law §§ 349 and 350 (McKinney 1984). Specifically, Guardsmark challenged the following statement, which appeared on page three of a ten page brochure distributed by Pinkerton's: "First, we test *every* officer applicant with a special version of the MMPI psychological evaluation." With the consent of the parties, the district court consolidated consideration of Guardsmark's demand for preliminary and permanent injunctive relief.

Following a two day bench trial, the district court found that Guardsmark had failed to demonstrate that the statement contained in Pinkerton's brochure was (1) literally or expressly false or (2) likely to mislead and confuse consumers. *See Johnson & Johnson v. GAC*, 862 F.2d 975, 977 (2d Cir. 1988); *Coca-Cola Co. v. Tropicana Products, Inc.*, 690 F.2d 312, 317 (2d Cir. 1982). Accordingly, the district court denied Guardsmark's motion for injunctive relief and entered judgment on behalf of Pinkerton's.

After a full review of Guardsmark's contentions—some of which have been raised for the first time on this appeal—we are convinced that they are without merit. Accordingly, we affirm the decision of the district court for the reasons set forth in Judge Cedarbaum's fine opinion.

Appellant and appellee's motions for attorneys' fees are denied.

/s/ Frank X. Altimari
HON. FRANK X. ALTIMARI

/s/ J. Daniel Mahoney
HON. J. DANIEL MAHONEY
Circuit Judges

/s/ I. Leo Glasser by FXA
HON. I. LEO GLASSER
District Judge

APPENDIX B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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90 Civ 2442 (MGC)

GUARDSMARK, INC.,

Plaintiff,

- against -

PINKERTON'S, INC.,

Defendant.

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CEDARBAUM, J.

Plaintiff, Guardsmark, Inc., and defendant, Pinkerton's, Inc., are in the business of providing security services. Both companies believe that psychological testing of security guards is important to the provision of effective security services, and both agree that in recent years users of security services have become increasingly interested in the psychological testing of the security officers assigned to them. Guardsmark tests all of its security guards with The Minnesota Multiphasic Personality Inventory ("the MMPI").

In September of 1989, Pinkerton's distributed an illustrated ten page promotional brochure. On page three of the brochure, the following sentence appears: "First, we test *every* officer applicant with a special version of the MMPI psychological evaluation." Guardsmark contends that Pinkerton's inclusion of this sentence in its promotional material constitutes false advertising and unfair competition. Guardsmark has sued Pinkerton's for violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), for violation of Sections 349 and 350 of the New York General Business Law, N.Y. Gen. Bus. Law § 349 (McKinney 1984) and N.Y. Gen. Bus. Law § 350 (McKinney 1963), and for the common law tort of unfair competition.

With the consent of the parties, after expedited discovery, a consolidated preliminary and permanent injunction hearing was held. The evidence was presented at a two day bench trial. After weighing all of the evidence and evaluating the credibility of the witnesses, I find that Guardsmark has not proven by a fair preponderance of the credible evidence that Pinkerton's has violated the law.

The Facts

The MMPI is one of the best known and widely used personality assessment tests. It was developed in the late 1930's and early 1940's by researchers at the University

of Minnesota. The strength of the MMPI is attributable, in large measure, to the extensive research done during its development and during the years of its use.

The full MMPI consists of 566 questions. Originally, the questions were written on index cards which could be shuffled and given to a test subject in any order. Now, the MMPI is available in two test booklet versions, the Form R and the Full Form. Recently, the MMPI-2 was introduced. This new test is similar to the MMPI except that the order of some of the questions has been changed, some questions have been eliminated, and the language of some of the questions has been adjusted to better reflect current speech patterns. The MMPI-2 was designed so that all the research done on the MMPI would be applicable to it. In other words, it was intended to be the equivalent of and a substitute for the MMPI.

The MMPI is designed to be scored on fourteen different scales. Ten of these scales measure psychopathology. The other four scales are validity scales which measure the defensiveness and honesty of the test subject. After the answers are scored on the fourteen scales, the results are plotted on a graph. The MMPI profile on the graph is then interpreted by a qualified psychologist experienced in interpreting MMPI profiles. The test comes with instructional materials which explain how the fourteen scales should be scored. In fact, only 399 of the questions are used to produce the fourteen scales; the other questions are experimental and are designed to test for other things, like lower back pain. The Form R test booklet is designed so that all of the questions used for the fourteen scales are grouped at the beginning. Thus, the subject can stop after completing the first 399 questions and not spend time answering the experimental questions if the person administering the test has no need for the experimental scores.

Since the MMPI's introduction, independent researchers have been working to develop a shorter version of the

MMPI. To date, at least fourteen such abbreviated versions have been developed and written about. These shorter tests are called "short form MMPI's," "altered form MMPI's," or "abbreviated MMPI's." There is an extensive body of literature discussing these short form MMPI's. Dr. W. Grant Dahlstrom, plaintiff's expert witness, included chapters on MMPI short forms in several of his books on the MMPI.

One of the most widely known of the short form MMPI's is the MMPI 168. This test uses only the first 168 questions of the MMPI to generate the fourteen scales. The tables needed to convert the answers from the MMPI 168 into the scales are included in MMPI handbooks and codebooks published by the University of Minnesota Press. The MMPI 168-E is another short form MMPI. It consists of the first 168 questions of the full MMPI plus all the K-scale questions. The K-scale is one of the four validity scales. It is used to measure subtle defensiveness.

Guardsmark administers the full MMPI to all its employees immediately after they are hired. The test is given at each employee's local office. The completed answer sheet is mailed to headquarters where it is fed into a computer which scores the scales and generates an MMPI profile. This profile is then read by a trained psychologist. The psychologist distills his conclusions into one or more codes. The codes are sent back to the local office, where they are interpreted by the use of a key produced by the psychologist. The local office uses the results of the MMPI to determine placement and appropriate disciplinary response in the event of improper conduct by the employee. Although Guardsmark submitted no advertising or promotional material in which it discussed its use of the MMPI, there was testimony that Guardsmark salespeople stress the use of the MMPI as a major selling point with potential customers.

Pinkerton's also does psychological testing. It tests all applicants for employment with a series of questions based on the MMPI 168-E.[1] However, Pinkerton's test booklet differs from the MMPI 168-E test booklet in that Pinkerton's has altered the wording of several of the questions, has changed the order of some of the questions, and has eliminated several questions which it found to be politically, religiously, or sexually offensive. The questions eliminated by Pinkerton's have also been eliminated or altered in the MMPI-2.

Pinkerton's test, created by Dr. Arthur LeBlanc, a psychologist employed by Pinkerton's, is designed to be administered and assessed at the local offices. After the answer sheet is completed, the clerk administering the test uses overlays designed by Dr. LeBlanc to score the test on five clinical scales and one validity scale. By applying these cutoff scores, the local office decides whether to hire the applicant. The overlays were developed by Dr. LeBlanc and include a built-in K-scale, which he generated based on averages from security guard testing. A full profile is never produced and a psychologist does not separately evaluate each set of results.

The Law

Section 43(a) of the Lanham Act provides,

> Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, . . . shall be liable to a civil action . . . by any person who

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[1] In addition, Pinkerton's tests all supervisory employees and armed guards with the full MMPI read individually by a psychologist.

> believes that he is or is likely to be damaged by the use of any such false description or representation.

15 U.S.C. § 1125.

In order to succeed on a claim under § 43(a) of the Lanham Act, Guardsmark must establish either (1) that Pinkerton's description of the psychological test it administers to all applicants is false on its face, or (2) that, while literally true or ambiguous, the description is implicity deceptive in context and has a tendency to mislead or deceive as demonstrated by evidence of consumer reaction. *See Avis Rent A Car System, Inc. v. Hertz Corp.*, 782 F.2d 381, 386 (2d Cir. 1986). In evaluating liability under the second standard, it is immaterial whether the court finds itself misled by the statement. Rather, the plaintiff must produce evidence about what the persons to whom the promotional statement is addressed found to be the message. *Id.*, at 386; *American Home Product Corp. v. Johnson & Johnson*, 577 F.2d 160, 173 (2d Cir. 1978). Here, Guardsmark concedes that it has no evidence of actual customer confusion or deception stemming from the statement. Therefore, it can only prevail if the statement sued on is literally false.

Guardsmark contends that Pinkerton's promotional statement is literally false in that the test administered by Pinkerton's to all applicants is not, in fact, a special version of the MMPI psychological evaluation. In support of its position, Guardsmark points to the following: (1) the test involves only 179 of the 566 MMPI questions; (2) the order and wording of some of the MMPI questions has been changed; (3) the test is scored on only six scales, an MMPI profile is not developed, and the results are not individually read by a trained psychologist; and (4) the phrase "version of the MMPI" suggests that Pinkerton's test is approved by the University of Minnesota. The evidence does not support Guardsmark's position.

It is undisputed that the MMPI 168 and the MMPI 168-E, as well as several other variations of the MMPI, are generally referred to as short form or abbreviated versions of the MMPI. Therefore, it cannot be literally false to describe Pinkerton's test as a version of the MMPI merely because it uses fewer than all of the questions. Thus, plaintiff's first argument is unpersuasive.

The MMPI was originally composed of questions on index cards which were shuffled and administered in a random order. It is still available in this form. In addition, each party's expert witness testified that research indicates that the order in which the questions are given does not affect the results obtained. Therefore, the fact that Pinkerton's test booklet contains the questions in a slightly different order does not make Pinkerton's test not a version of the MMPI. Similarly, the slight language changes in a few of the questions, and the removal of a few offensive questions, both of which have also been done by the University of Minnesota in the MMPI-2, are not significant enough alterations to make Pinkerton's test not a version of the MMPI. Moreover, a study conducted by Dr. LeBlanc after this suit was filed demonstrated that the slight changes in wording and question order in Pinkerton's test did not affect the results. Dr. LeBlanc's study was based on methodology designed by Dr. Kenneth Vincent, the defendant's expert, and the results were reviewed by Dr. Vincent.

Dr. Vincent testified very credibly that while a full MMPI profile based on all fourteen scales was necessary for a full clinical evaluation of a patient, when the MMPI is used in other contexts, such as employment screening, only certain scales are necessary. He further testified that a test that uses fewer than the fourteen scales is accurately referred to as a version of the MMPI. Although interpreting the MMPI generally requires a trained psychologist, Pinkerton's method does not really eliminate this step. The grids used to evaluate the ap-

plicant's answers were developed by Dr. LeBlanc, a trained psychologist, based on his expertise in psychology and his knowledge of the MMPI and how it should be scored and evaluated. Because the views of a trained psychologist are used in evaluating each test, albeit in a standardized fashion, I do not find that Pinkerton's method of evaluating the tests makes its statement that its test is a version of the MMPI literally false.

Moreover, Pinkerton's qualifies the phrase "version of the MMPI" with the word "special." Webster's Third New International Dictionary contains the following definitions for the word "special:"

> 1: distinguished by some unusual quality . . . 3 a: . . . : having an individual character or trait: PECULIAR, UNIQUE . . . 4 . . . b: assigned or provided to meet a particular need not covered under established procedures . . . 5: . . . : designed or selected for a particular purpose, occasion, or other end: limited in range . . . .

Webster's Third New International Dictionary of the English Language, Unabridged 2186 (Merriam-Webster, 1961). Thus, even if the insignificant changes in the test questions and the somewhat unorthodox method of scoring and evaluating Pinkerton's test raise questions as to whether Pinkerton's test is a version of the MMPI, Guardsmark has not proven that it is literally false to call it a "special version of the MMPI psychological evaluation."

Finally, nothing in the language used in the promotional statement indicates to the reader that the test given by Pinkerton's is expressly approved by the University of Minnesota.

After carefully considering all the evidence, I find that plaintiff has not shown that Pinkerton's statement "First, we test *every* officer applicant with a special version of the MMPI" taken in context is literally false. Therefore, Guardsmark's Lanham Act claim fails.

In light of this conclusion, Guardsmark's claims under New York law must also fail. Both parties agree that the legal test for liability under §§ 349 and 350 of the New York General Business Law is the same as that under § 43(a) of the Lanham Act. *See Proctor & Gamble Co. v. Chesebrough Pond's Inc.*, 588 F. Supp. 1082, 1083 n.4 (S.D.N.Y.), *aff'd*, 747 F.2d 114 (2d Cir 1984); *Bi-Rite Enterprises, Inc. v. Button Master*, 555 F. Supp. 1118, 1192-93, (S.D.N.Y. 1983). Thus, since plaintiff has not established liability under § 43(a), it has also failed to do so under the New York General Business Law. Although the New York tort of unfair competition covers a wide variety of illegal practices and is broad and flexible enough to encompass any form of commercial immorality, *Roy Export Company Establishment of Vaduz, Liechtenstein v. Columbia Broadcasting System, Inc.*, 672 F.2d 1095, 1105 (2d Cir. 1982), Guardsmark has not established such improper conduct by Pinkerton's here.

For the reasons discussed above, plaintiff is not entitled to an injunction and, therefore, the complaint is dismissed.

The foregoing shall constitute my findings of fact and conclusions of law in accordance with Fed.R.Civ.P. 52.

SO ORDERED.

Dated: New York, New York
June 6, 1990

/s/ Miriam Goldman Cedarbaum
MIRIAM GOLDMAN CEDARBAUM
United States District Judge

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the 4th day of February one thousand nine hundred and ninety-one.

Present:

HON. FRANK X. ALTIMARI,
HON. J. DANIEL MAHONEY,
Circuit Judges.
HON. LEO I. GLASSER,
District Judge

Docket No. 90-7635

GUARDSMARK, INC.,
Plaintiff-Appellant,

v.

PINKERTON'S INC.,
Defendant-Appellee.

A petition for a rehearing having been filed herein by Appellant GUARDSMARK, INC.

Upon consideration thereof, it is

Ordered that said petition be and it hereby is DENIED.

/s/ Elaine B. Goldsmith
ELAINE B. GOLDSMITH
Clerk